



BRAITHWAITE & CO (INDIA) LIMITED

ANNUAL REPORT 1966

Braithwaite & Co (India) Limited

CHAIRMAN

Donald Fordwood, M.B.E.

MANAGING DIRECTOR

John Ellis Sawtell

DIRECTORS

Maharajadhiraja Sir Uday Chand Mahatab
Bahadur of Burdwan, K.C.I.E.
Sir Asoka Kumar Roy
Barendra Prasad Ray
Harold Leslie Barham
Michael Irby Wadsley

SECRETARY

Banwarl Lal Mathur

BANKERS

National and Grindlays Bank Limited
(Lloyds Branch)

SOLICITORS

Orr, Dignam & Company

AUDITORS

A. F. Ferguson & Company

**LONDON AGENTS AND
TECHNICAL CONSULTANTS**

Braithwaite & Co. Engineers Limited
Dorland House, London, S.W.1

**REGISTRARS AND SHARE
TRANSFER AGENTS**

Jardine Henderson, Limited

REGISTERED OFFICE

4, Clive Row, Calcutta-1

HEAD OFFICE

Hide Road, Calcutta-43

WORKS

Clive Works, Hide Road, Calcutta-43
Angus Works, Angus, Dist. Hooghly

Braithwaite & Co (India) Limited

N O T I C E

NOTICE is hereby given that the thirty-seventh Annual General Meeting of the members of Braithwaite & Co (India) Limited will be held at the Registered Office, 4, Clive Row, Calcutta-1, on Wednesday, the 28th day of June, 1967, at 11-30 a.m. to transact the following business :

- 1 To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December, 1966.
- 2 To confirm the interim dividends paid on the Preference Shares and to declare a dividend on the Ordinary Shares.
- 3 To elect Directors in place of those retiring.
- 4 To appoint Auditors and to fix their remuneration.

As Special Business

To consider and, if thought fit, to pass, with or without modification, the following resolutions :—

5 (As an Ordinary Resolution)

“ That Mr. M. I. Wadsley whose term of office as an Additional Director of the Company expires at this annual general meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing the candidature of Mr. M. I. Wadsley for the office of a Director be and is hereby appointed a Director of the Company whose period of office will be liable to determination by retirement by rotation.”

6 (As an Ordinary Resolution)

“ That, pursuant to the provisions of Section 294 of the Companies Act, 1956, and subject to Binny & Co. Limited obtaining the necessary permission from the Reserve Bank of India under Section 18A of the Foreign Exchange Regulation Act, 1947, this meeting approves the appointment of Binny & Co. Limited, as the Company's sole selling agent for the Braithwaite Pressed Steel Tanks in the States of Andhra, Mysore, Madras and Kerala for a period of three years with effect from 1st April, 1967, on the terms and conditions set out in the draft Agreement (a copy whereof has been submitted to this meeting and which for the purposes of identification has been signed by the Chairman thereof) to be entered into between the Company of the one part and Binny & Co. Limited of the other part and that the Board of Directors of the Company be and is hereby authorised to execute the said agreement on behalf of the Company under its Common Seal on the same terms and conditions or with such modifications (not being modifications more advantageous to Binny & Co. Limited) as may be mutually agreed to by the Board of Directors of the Company and the said Binny & Co. Limited.”

Braithwaite & Co (India) Limited

7 (As an Ordinary Resolution)

“That, pursuant to the provisions of Section 294 of the Companies Act, 1956, this meeting approves the appointment of Dalgety (East Africa) Limited, Nairobi, Kenya, as the Company's sole selling agent for sale of Braithwaite Wagons, Structural Steelwork, Cranes of various types, Grey Iron Castings and Forgings in the territories of Kenya and Uganda for a period of one year with effect from 1st November, 1966, on the terms and conditions set out in Company's letters dated 2nd September and 10th October, 1966, as agreed to by Dalgety (East Africa) Limited per their letter dated 18th October, 1966.”

8 (As an Ordinary Resolution)

“That, pursuant to the provisions of Section 294 of the Companies Act, 1956, this meeting approves the appointment of Engineering Supply Limited Partnership, Bangkok, Thailand, as the Company's sole selling agent for sale of Braithwaite Wagons, Structural Steelwork, Pressed Steel Tanks, Cranes of various types, Grey Iron Castings and Forgings in the territory of Thailand for a period of one year with effect from 1st November, 1966, on the terms and conditions set out in Company's letter dated 12th September, 1966, as agreed to by Engineering Supply Limited Partnership per their letter dated 20th September, 1966.”

9 (As an Ordinary Resolution)

“That, pursuant to the provisions of Section 294 of the Companies Act, 1956, and subject to the approval of the Reserve Bank of India, this meeting approves the appointment of Colombo Agencies Limited, Ceylon, as the Company's sole selling agent for sale of Braithwaite Wagons, Structural Steelwork, Cranes of various types, Grey Iron Castings and Forgings in the territory of Ceylon for a period of one year with effect from 1st May, 1967, on the terms and conditions set out in Company's letters dated 10th March and 5th April, 1967, as agreed to by Colombo Agencies Limited per their letter dated 19th March and 11th April, 1967.”

The Register of Members in respect of the Ordinary Shares of the Company will be closed from 14th June, 1967 to 28th June, 1967, both days inclusive.

Payment of such dividend as may be declared on the Ordinary Shares will be made on or after 12th July, 1967, to those members whose names are on the Company's Register on the 28th June, 1967.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member.

By Order of the Board

B. L. MATHUR
Secretary

4, CLIVE ROW
CALCUTTA-1
11th May, 1967

Braithwaite & Co (India) Limited

ANNEXURE TO THE NOTICE CONVENING THE THIRTY-SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON WEDNESDAY, THE 28TH JUNE, 1967

Explanatory Statement relating to Special Business

Resolution No. 5 :

This resolution, which will be proposed as an ordinary resolution, seeks to appoint Mr. M. I. Wadsley as a Director of the Company.

Pursuant to Article 92 of the Company's Articles of Association, the Board appointed Mr. M. I. Wadsley as an Additional Director of the Company on 19th April, 1967. Section 260 of the Companies Act, 1956 (hereinafter referred to as "the Act") provides that any Additional Director appointed by the Board shall hold office only upto the date of next annual general meeting of the Company. The term of office of Mr. M. I. Wadsley will, therefore, expire at the forthcoming annual general meeting.

The Company has received a notice under Section 257 of the Act from a member notifying his intention to propose at the forthcoming annual general meeting Mr. M. I. Wadsley's name for appointment as a Director of the Company.

Resolution No. 6 :

This resolution, which will be proposed as an ordinary resolution, seeks to appoint Binny & Co. Limited as the Company's Sole Selling Agent for the Braithwaite Pressed Steel Tanks in the States of Andhra, Mysore, Madras and Kerala (hereinafter referred to as "the territory").

The Board of Directors has decided to appoint Binny & Co. Limited subject to their obtaining the necessary permission from the Reserve Bank of India under Section 18A of the Foreign Exchange Regulation Act, 1947, as the Sole Selling Agent for the Braithwaite Pressed Steel Tanks in the territory for a period of three years from 1st April, 1967, on the terms and conditions set out in a draft Agreement with such modifications (not being modifications more advantageous to Binny & Co. Limited) as may be mutually agreed to by the Board and Binny & Co. Limited.

At the last Annual General Meeting of the Company, the members approved the re-appointment of Binny & Co. Limited as the Company's Sole Selling Agent for Pressed Steel Tanks in the States of Andhra, Mysore and Madras (excluding the districts of Nilgiris, Coimbatore, Tirunelveli, Madurai and Rannad) for a period of one year with effect from 1st April, 1966.

In the past, the Company had a Selling Agent for Pressed Steel Tanks in the State of Kerala and in the districts of Nilgiris, Coimbatore, Tirunelveli, Madurai and Rannad in the State of Madras, but the selling agency agreement with this party was not renewed from 1st April, 1966 and the Company itself was looking after these areas since that date. It is now felt that due to the considerable distance of these areas from the Company's Head Office at Calcutta it is desirable to have a selling agent in these areas also, for effective representation.

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Binny & Co. Limited has been acting as the Company's Sole Selling Agent in the States of Andhra, Mysore and Madras (excluding the districts of Nilgiris, Coimbatore, Tirunelveli, Madurai and Ramnad) for more than 21 years and has given a satisfactory account of itself. They have a network of office organisations in the southern part of India. In view of the above and having regard to their wide experience, the Board of Directors of your Company considers that they should be re-appointed and that their territory should be enlarged by inclusion of the State of Kerala and the districts of Nilgiris, Coimbatore, Tirunelveli, Madurai and Ramnad of the State of Madras. The Board of Directors, therefore, recommends that the appointment of Binny & Co. Limited as the Company's Sole Selling Agent in the territory be approved by the Company in the general meeting.

The principal terms and conditions of the said draft agreement are as follows :—

- (i) The term of appointment is for three years with effect from 1st April, 1967, unless it is determined earlier by either party upon giving to the other one calendar month's previous notice in writing.
- (ii) The Agent shall be entitled to a remuneration for the services to be rendered by it under the agreement at the following rates :—
 - (a) Commission at the rate of 5% on the F.O.R. Calcutta price on all sales of the Tanks effected pursuant to orders secured by the Agent direct irrespective of whether the despatches are made to the territory or to any other place in India provided always that no commission shall be payable or become due to the Agent unless and until the price in full of each Tank sold by the Agent is paid to the Company at Calcutta within 60 days of the despatch of the Tank from the Company's Works at Kidderpore or within such extended time as the Company may in its absolute discretion allow.
 - (b) Commission at the rate of 2½% on the F.O.R. Calcutta price on all direct sales of the Tanks effected by the Company in the territory, such commission being payable after the receipt of the purchase price by the Company.
 - (c) Commission at the rate of 2½% on the F.O.R. Calcutta price of all the Tanks sold against Running Contracts placed by the Director General of Supplies and Disposals, Government of India, New Delhi, on the Company if despatches are made to the territory.
- (iii) The Agent shall not assign its rights or benefits under the agreement without the previous consent in writing of the Company.

The other terms and conditions of the said draft agreement are similar to those contained in an agreement of this nature.

The appointment of a sole selling agent of a company is required to be approved by the Company in general meeting pursuant to the provisions of Section 294 of the Companies Act, 1956.

The draft agreement referred to in the resolution will be available at the Registered Office of the Company for inspection by the members between the hours of 11 a.m. and 3 p.m. on any working day except Saturday and will also be available for inspection at the Annual General Meeting.

None of the Directors of the Company is interested in the resolution.

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Resolutions No. 7, 8 and 9 :

These resolutions, which will be proposed as ordinary resolutions, seek to appoint Dalgety (East Africa) Limited, Engineering Supply Limited Partnership and Colombo Agencies Limited, as Company's Sole Selling Agents in overseas territories on the following terms and conditions :—

Dalgety (East Africa) Limited :

- (a) *Period of Appointment* : One year with effect from 1st November, 1966.
- (b) *Products* : Wagons, Structural Steelwork, Cranes of various types, Grey Iron Castings and Forgings.
- (c) *Territory* : The Board of Directors of the Company originally appointed Dalgety (East Africa) Limited as the Company's Sole Selling Agent in the territories of Kenya, Tanzania and Uganda. Subsequently, following nationalisation in Tanzania of the offices of Dalgety (East Africa) Limited, Tanzania was excluded from its territory and the Company in agreement with Dalgety (East Africa) Limited and the State Trading Corporation of Tanzania decided to deal in this area on an *ad hoc* basis with the State Trading Corporation of Tanzania.
- (d) *Commission* : The Agent shall be entitled to a commission for the services to be rendered by it at the following rates on F.O.B. Calcutta value of actual exports to Kenya and Uganda ex-India, such commission being payable only on amounts received by the Company :—

(i) Wagons	1½%
(ii) Structural Steelwork	2½%
(iii) Cranes	2½%
(iv) Grey Iron Castings	5%
(v) Forgings	5%

Engineering Supply Limited Partnership :

- (a) *Period of appointment* : One year with effect from 1st November, 1966.
- (b) *Products* : Wagons, Structural Steelwork, Cranes of various types, Pressed Steel Tanks, Grey Iron Castings and Forgings.
- (c) *Territory* : Thailand.
- (d) *Commission* : The Agent shall be entitled to a commission for the services to be rendered by it at the following rates on F.O.B. Calcutta value of actual exports to Thailand ex-India, such commission being payable only on amounts received by the Company :—

(i) Wagons	1%
(ii) Structural Steelwork	2%
(iii) Cranes	2%
(iv) Pressed Steel Tanks	5%
(v) Grey Iron Castings	5%
(vi) Forgings	

Colombo Agencies Limited :

- (a) *Period of appointment* : One year with effect from 1st May, 1967.
- (b) *Products* : Wagons, Structural Steelwork, Cranes of various types, Grey Iron Castings and Forgings.
- (c) *Territory* : Ceylon.

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- (d) *Commission* : The Agent shall be entitled to a commission for the services to be rendered by it at the following rates on F.O.B. Calcutta value of actual exports to Ceylon ex-India, such commission being payable only on amounts received by the Company :-

(i) Wagons	1%
(ii) Structural Steelwork	2%
(iii) Cranes	2%
(iv) Grey Iron Castings	5%
(v) Forgings	5%

The agency Agreements with Dalgety (East Africa) Limited, and Engineering Supply Limited Partnership have been approved and registered by the Reserve Bank of India. The Company has made an application to the Reserve Bank of India for approval of the Agency Agreement with Colombo Agencies Limited.

The appointments of sole selling agents of a company are required to be approved by the Company in General Meeting pursuant to provisions of Section 294 of the Companies Act, 1956.

For sometime now the Company has been exploring the possibilities of exporting its products to supplement its business in the home market and the Company feels that there are good prospects of marketing Company's products in the East African countries, Far East and Ceylon. With a view to this, the Company has appointed Dalgety (East Africa) Limited, Nairobi, Kenya, Engineering Supply Limited Partnership, Bangkok, Thailand and Colombo Agencies Limited, Colombo, Ceylon, as its Selling Agents. They are established local agency houses dealing in imports and exports in their respective territories and have wide experience in these lines of business. Your Directors consider that with their assistance the Company will be able to secure export orders from these areas and therefore recommend that the appointment of Dalgety (East Africa) Limited, Engineering Supply Limited Partnership and Colombo Agencies Limited as the Company's Sole Selling Agents in the respective territories mentioned above be approved in the General Meeting.

Copies of the following letters will be available at the Registered Office of the Company for inspection by the members between the hours of 11 a.m. and 3 p.m. on any working day except Saturday and will also be available for inspection at the Annual General Meeting.

- (i) Company's letters dated 2nd September, 1966 and 10th October, 1966, and the letter dated 18th October, 1966 from Dalgety (East Africa) Limited ; also letter dated 22nd February, 1967 from Dalgety (East Africa) Limited advising that their offices in Tanzania have been nationalised and Company's letter dated 24th February, 1967, excluding Tanzania from the original territories.
- (ii) Company's letter dated 12th September, 1966 and letter dated 20th September, 1966 from Engineering Supply Limited Partnership.
- (iii) Company's letters dated 10th March, 1967, 5th April, 1967 and letters dated 19th March 1967, 11th April, 1967, from Colombo Agencies Limited.

None of the Directors of the Company is interested in these resolutions.

4, CLIVE ROW
CALCUTTA-1
11 May, 1967

By Order of the Board
B. L. MATHUR
Secretary

STATEMENT BY MR. D. FORDWOOD, M.B.E.

*To the Thirty-seventh Annual General Meeting of Members
to be held on 28th June, 1967*

PRODUCTION AND DEVELOPMENT

CLIVE WORKS : As was predicted in last year's Statement, the steady rise in levels of production which had been continuing over a period of years, received a serious setback during the year under review, when the economic recession in the country, which has now badly affected the engineering industry, began to be felt. In January, the Railway Board imposed a restriction on our wagon output which continued throughout the year and there was a simultaneous general fall in demand for structural steelwork. As a result, the total tonnage produced dropped sharply from over 40,000 tonnes in 1965 to 28,443 tonnes in 1966.

ANGUS WORKS : Although the adverse effects of the recession in the economy of the country in general and of the Industry in particular have not been felt to the same extent at Angus Works as at Clive Works, it was not possible to maintain there the rate of growth which had been achieved in recent years. The value of production remained at Rs. 152 lakhs.

Satisfactory progress, however, continues to be made from the technical aspect, and several notable achievements, such as the completion of the first 100 tonne E.O.T. crane and manufacture of locomotive break-down cranes for the Railways, are worthy of mention.

PROSPECTS

The Order Book for both structural steelwork and railway wagons continues to be a source of great concern. In December, 1966 an order for 1,636 wagons, in terms of 4-wheelers, was received from the Railway Board, and together with a backlog of 783 wagons, provided a total work load of 2,419 wagons for the year ending March, 1968. This compares with actual production of 3,538 and 3,466 wagons during the years 1964 and 1965 respectively. It is apparent, therefore, that the Wagon Shop will be forced to operate at the very low level of 69% of normal production, despite the fact that even as late as 1964 Government policy was to encourage the boosting of wagon production capacity. Strong representations have been made to the Railway Board to secure an increased allotment of the railway wagon order, but so far no favourable response has been obtained.

The structural engineering industry is now in a critical condition, and it is estimated that less than 40% of the installed capacity in the country is at present being utilised. With existing structural works and capacity lying idle to such an extent, it is most surprising that Government should have recently set up a new structural works in the Public Sector. This increase in installed capacity can only worsen the already critical situation. During the year 1965 the monthly output of the structural works was 1,625 tonnes. I regret to advise you, however, that at date there is only approximately 2,300 tonnes on the Order Book for manufacture.

The situation is much more encouraging at the Angus Works, although competition in the field of E.O.T. cranes has increased considerably, orders are still being received for the heavier and more sophisticated types of cranes. A valuable order from the Bokaro Steel Project for 30 tonne and 50 tonne railway diesel cranes has now been secured. The Company has also now entered into the tower crane market, manufacture of which has not previously been undertaken in this Country. Some orders have already been obtained and it is considered that there will be a substantial demand for this type of crane.

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EXPORTS

In view of the urgent need to export, the Company, with valuable assistance from its Technical Consultants in the United Kingdom, has been making extensive efforts to develop markets overseas. Such efforts include exhibiting in Trade Exhibitions in various parts of the world and the appointment of suitable agents in different countries. This active export drive is already beginning to yield positive results, since in addition to an increase in the sales of pressed steel tanks, quotations for railway wagons and other products are now beginning to engage the attention of several overseas buyers. Negotiations are also in progress to secure technical collaboration for the manufacture in India of products having a high export potential.

LABOUR

The recession in the Industry to which reference has already been made, has rendered redundant over 40% of the workforce employed at Clive Works. This, naturally, has adversely affected employer/employee relationship despite the fact that the cause is entirely outwith the control of the Company. Every effort to arrive at a solution whereby retrenchment can be avoided has been frustrated by the negative approach adopted by the Union. As the Directors have stated in their Report, the "go slow" tactics adopted by labour is creating very serious financial embarrassment to the Company. Whilst it is impossible at the time of writing to predict how the situation will be resolved, it must be appreciated by all concerned that deferment of action can but magnify the problem and worsen the effects.

PROFIT AND DIVIDEND

The gross profit for the year, after providing Rs. 40.99 lakhs for depreciation and development rebate, amounted to Rs. 51.44 lakhs which compares with Rs. 147.98 lakhs last year. In addition to the substantial reduction in turnover, this decline in profits should also be attributed to higher cost of materials, increased dearness allowance and interim relief paid to employees, higher interest charges on moneys borrowed and additional depreciation charges on the increased cost of plant arising from devaluation.

Having regard to the decline in profits and to the unfavourable prospects for the current year, the Board has recommended that the dividend on Ordinary Shares be reduced to 8% absorbing Rs. 12.80 lakhs, of which Rs. 5 lakhs will be met from Dividend Equalisation Reserve.

The dividend on the Preference Shares has been paid in two instalments on July 26, 1966 and January 6, 1967.

MANAGEMENT

At the Annual General Meeting last year a Resolution was passed approving the appointment of Mr. J. E. Sawtell as Managing Director. This appointment became effective on February 1, 1967 since which date Mr. Sawtell has been in control of the Company's affairs. He has assumed control at a very difficult period and I would like to extend to him our best wishes for a successful term of office. I would also like to express our appreciation of the support and services which all members of the staff have continued to render to the Company.

CALCUTTA
11th May, 1967



REPORT OF THE DIRECTORS

*To be presented at the Thirty-seventh Annual
General Meeting of the Company*

The Directors submit their Report with the Audited Accounts for the year ended 31st December, 1966.

The Profit for the year after charging all working expenses

amounted to	...	Rs. 92,43,903
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From which have to be deducted —

Provision for Depreciation	...	Rs. 33,66,260
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Provision for Development Rebate	...	Rs. 7,33,186	Rs. 40,99,446
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Profit before taxes	...	Rs. 51,44,457
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Less : Provision for Taxation —

Income Tax	...	Rs. 25,00,000
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Surtax	...	Rs. 25,00,000
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Net Profit for the year	...	Rs. 26,44,457
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To which has to be added —

Transfer from Development Rebate Reserve representing credits

to that Reserve during 1957 and 1958	...	Rs. 2,05,730
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Transfer from Dividend Equalisation Reserve	...	Rs. 5,00,000
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Making a total of	...	Rs. 33,50,187
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This has been appropriated as under :—

Transfer to General Reserve	...	Rs. 2,10,187
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Transfer to Loan Redemption Reserve	...	Rs. 15,00,000
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Payment on 26th July 1966 and 6th January, 1967 of interim

dividends on the Preference Shares	...	Rs. 3,60,000	Rs. 20,70,187
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leaving a balance available for disposal of		Rs. 12,80,000
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The Directors recommend payment of a dividend on the Ordinary

Shares at 80 paise per share subject to appropriate deduction of

tax, absorbing	...	Rs. 12,80,000
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FINANCE

The difficult financial position, referred to in the previous year's Report and the Chairman's Statement, persisted throughout the year under review. The cut in wagon production imposed by the Railway Ministry and complete lack of new orders for structural steelwork caused a serious loss of revenue. Expenditure, however, did not decrease correspondingly. As the result of continuing rises in the prices of raw materials and in dearness allowance payable to workers and staff, the need for further working capital arose. As a short term measure, further sums totalling Rs. 65 lakhs were borrowed from various sources in the first half of the year, pending finalisation of the long term arrangement of raising a debenture loan of Rs. 1 crore.

This debenture loan, carrying interest at $7\frac{1}{2}$ per cent per annum and repayable in 5 yearly instalments between 1976 and 1980, was offered for public subscription in October, but response from the public was negligible. The bulk of the issue was taken up by institutional investors and the deficit met by the underwriters. The short term borrowings arranged earlier in the year were liquidated out of the proceeds of the debenture issue.

Since the proposal was mooted in early January of this year to retrench surplus employees consequent on the depleted structural order book position and the truncated wagon order, the workers have been going slow and not even fabricating wagons required to be produced according to the curtailed schedule of production. The consequent loss of revenue has again made acute the position of working capital and it is becoming increasingly difficult to meet current commitments. We are endeavouring to secure export orders for wagons and if these materialise, further working capital will be required. For this purpose negotiations are in progress with our Bankers for additional overdraft facility.

FOREIGN EXCHANGE LOANS AND EFFECT OF DEVALUATION

Consequent upon the devaluation of the rupee, liabilities in respect of interest and repayment of foreign currency loans granted to the Company have increased by 57.5 per cent. This has necessitated the writing up of the cost of plant purchased through these loans prior to devaluation by Rs. 36.76 lakhs. Cost of plant under capital work-in-progress has also had to be increased by Rs. 2.81 lakhs.

NOTES ON THE ACCOUNTS

In the previous year's report, reference was made to the question of tax relief on rent, depreciation and development rebate relating to Angus Works. Appeals filed both by the department and the Company have been heard by the Appellate Tribunal. In the meantime, in pursuance of the decision of the Appellate Assistant Commissioner, the department raised a demand for tax payable in respect of Angus rent for the assessment years 1961-62 to 1964-65 and Rs. 9.64 lakhs has been paid on this account, subject to subsequent refund if the Appellate Tribunal's judgement goes in favour of the Company.

In making assessment for the year 1965-66, however, the Income-Tax Officer has disregarded the ruling of the Appellate Assistant Commissioner and disallowed the relief due in respect of Angus depreciation and development rebate. The total demand for the said year which is disputed and not provided for, amounts to Rs. 16.19 lakhs which includes Rs. 11.85 lakhs on account of disallowance of relief regarding Angus depreciation and development rebate. The balance of disputed demand is for miscellaneous other items.

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The decision of the Appellate Tribunal in respect of the appeals referred to above has just been received. The Tribunal has rejected the department's appeal in the matter of depreciation and development rebate and has accepted in part the Company's appeal in regard to rent. The implications of the Tribunal's judgement are being studied and the company will take further action as may be advised. It appears however that a very substantial part of the relief sought by the Company will be allowable.

The Income-Tax Officer has also made a demand for payment of additional taxes amounting to Rs. 11.91 lakhs for the Assessment Year 1964-65 on the ground that the Company's shares are 'closely held' and therefore should not be treated as a public company as defined in Section 108. An appeal has been lodged against the Income-Tax Officer's demand and at the same time an ad interim writ order has been obtained and served restraining him from realising the demand and also from making additional demands under Section 104 in respect of the two earlier years 1962-63 and 1963-64. For the aforesaid two years there will thus be a further contingent liability the extent of which is not yet known.

It was previously reported that the Calcutta High Court's decision went against the Company in the matter of the Employees' State Insurance Corporation's claim for payment of contribution on production bonus. The Court gave a partial stay order for the decretal amount instructing the Company to pay 50% thereof within two months and the balance within another two months unless within that time the Supreme Court decided to extend the stay order further for payment of the balance. The Company's prayer to the Supreme Court for further stay order, however, was rejected; consequently, a sum of Rs. 6.67 lakhs representing the arrear contributions in full had to be paid to E.S.I.C. within the year under review.

DIRECTORS

Mr. J. V. Jardine Paterson resigned from the Board with effect from 1st April, 1967, on his retirement from India after many years of valuable service to the Company as a Director of the Company and Chairman of the Board. At the meeting of the Board of Directors held on 19th April, 1967, Mr. H. L. Barham was appointed to the Board to fill the casual vacancy caused by the retirement of Mr. J. V. Jardine Paterson.

On his retirement from India, Mr. R. G. Edwards resigned his seat on the Board with effect from 1st December, 1966. Mr. D. N. Kapur was appointed on the Board to fill the casual vacancy thereby created. Following Mr. D. N. Kapur's resignation from the Board, Mr. M. I. Wadsley was appointed an Additional Director of the Company under Article 92 of the Company's Articles of Association on 19th April, 1967. His term of office will expire at the forthcoming Annual General Meeting. The Company has received due notice from a member proposing the appointment of Mr. M. I. Wadsley as a Director of the Company.

At the Board Meeting held on 16th March, 1967, Mr. D. Fordwood was unanimously elected Chairman of the Board in succession to Mr. J. V. Jardine Paterson with effect from 1st April, 1967.

The Board place on record their deep appreciation of the valuable services rendered by Mr. J. V. Jardine Paterson, Mr. R. G. Edwards and Mr. D. N. Kapur to the Company.

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Mr. D. Fordwood and Mr. B. P. Ray retire from the Board under Article 104 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

Mr. J. E. Sawtell, whose appointment as a Director and the Managing Director of the Company was approved at the last Annual General Meeting of the Company subject to the approval of the Central Government, was appointed Managing Director with effect from 1st February, 1967, following receipt of Central Government's approval. An extract of the terms and conditions of his appointment as approved by the Central Government and agreed to by the Board of Directors and Mr. Sawtell, has already been circulated to the members of the Company pursuant to Section 302 of the Companies Act, 1956.

AUDITORS

The Company's Auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, retire from office and are willing to accept appointment.

On behalf of the Board of Directors

D. FORDWOOD *Chairman*

CALCUTTA

11th May, 1967

Braithwaite & Co (India) Limited

BALANCE SHEET

				31st December, 1965	
		Rs.	Rs.	Rs.	Rs.
LIABILITIES					
Share Capital					
AUTHORISED					
40,000	(Previous Year 40,000) 9% Redeemable Cumulative Preference Shares of Rs. 100 each	40,00,000		40,00,000	
16,00,000	(Previous Year 10,00,000) Ordinary Shares of Rs. 10 each	1,60,00,000	2,00,00,000	1,00,00,000	1,40,00,000
ISSUED AND SUBSCRIBED					
40,000	(Previous Year 40,000) 9% Redeemable Cumulative Preference Shares of Rs. 100 each fully paid	40,00,000		40,00,000	
16,00,000	(Previous Year 10,00,000) Ordinary Shares of Rs. 10 each fully paid	1,60,00,000	2,00,00,000	1,00,00,000	1,40,00,000
Reserves and Surplus					
As per Schedule 'A'			1,58,62,739		2,01,25,096
Loans					
As per Schedule 'B'			3,50,30,596		1,77,98,937
Current Liabilities and Provisions					
CURRENT LIABILITIES					
Sundry Creditors	Rs. 1,56,26,718			2,53,98,862	
Unclaimed Dividends	" 53,775			51,935	
Interest accrued but not due on loans	" 3,73,260	1,60,53,753		1,28,783	
PROVISIONS					
Provision for Taxation			27,51,270	98,62,120	
Dividends declared or proposed					
On Preference Shares			1,80,000	1,80,000	
On Ordinary Shares			12,80,000	20,00,000	3,76,21,700
TOTAL Rs.			9,11,58,358		8,95,45,733

Notes on the Accounts are
on pages 18 & 19

CALCUTTA, 11th May, 1967

As per our Report of date

A. F. FERGUSON & CO.,
Chartered Accountants

AS AT 31ST DECEMBER, 1966

				31st December, 1965	
ASSETS		Rs.	Rs.	Rs.	Rs.
Fixed Assets					
As per Schedule 'C'	...		3,75,53,366		3,02,52,307
Investments (at cost or under)					
As per Schedule 'D'	...		9,44,184		9,66,252
Current Assets, Loans and Advances					
CURRENT ASSETS					
Interest accrued on Investments	...	4,336		4,009	
Raw Materials Stocks at cost or under	Rs. 85,11,941			80,94,993	
Stores and Spare Parts at cost or under	„ 72,38,794			70,49,972	
Erection Plant and Loose Tools at cost or under	2,21,419	1,59,72,154		1,36,311	
Contracts-in-Progress at cost plus estimated net accrued profit, less cash received on account	...	2,95,39,697		3,21,47,930	
Sundry Debtors — Unsecured, considered good					
Outstanding for over six months	66,512			72,127	
Other Debts	9,07,804	9,74,316		26,62,742	
Cash and Bank Balances :					
With Scheduled Banks on Current Accounts	78,549			3,94,847	
Cash and stamps in hand	24,833	1,03,382		53,695	
LOANS AND ADVANCES — Unsecured, considered good					
Advances recoverable in cash or in kind or for value to be received	„ 19,40,423			19,02,194	
Deposits with Customs and Port Authorities	„ 53,581			23,353	
Advance Payments of Tax	„ 38,33,568	58,27,572	5,24,21,457	55,45,650	5,80,87,823
Miscellaneous Expenditure					
Preference Share Issue Expenses			2,39,351		2,39,351
TOTAL Rs.			9,11,58,358		8,95,45,733

On behalf of the Board of Directors

D. FORDWOOD *Chairman*
J. E. SAWTELL *Managing Director*
B. L. MATHUR *Secretary*

PROFIT AND LOSS ACCOUNT FOR THE

	31st December, 1965	
	Rs.	Rs.
Value of Contracts-in-Progress as at 1st January, 1966 ...	9,62,49,196	6,64,08,488
Purchases of Raw Materials ...	1,80,62,966	3,24,23,063
Stores and Spare Parts and Sundry Materials Consumed ...	2,14,07,276	3,02,11,920
Less : Value of Stores and Components manufactured and taken into stock ...	29,95,541	32,73,878
Salaries, Wages and Bonus, etc.	1,72,39,728	1,94,70,479
Salaries, Wages and Bonus ...	13,08,455	11,94,261
Contributions to Provident and Other Funds ...	17,63,644	15,26,761
Workmen and Staff Welfare Expenses ...	6,66,910	2,21,91,501
Arrears of Contributions to Employees' State Insurance Scheme ...	2,09,78,737	7,50,516
Power and Fuel ...	8,32,987	15,57,537
Repairs to Plant ...	14,24,890	3,72,458
Repairs to Buildings ...	3,50,938	6,24,228
Rent ...	6,18,037	2,02,933
Rates and Taxes ...	1,43,850	4,38,477
Insurance (including Rs. 56,651 for Emergency Risks and Personal Injuries (Emergency Provisions) Insurance) ...	4,38,477	5,06,172
Commission to		
Sole Selling Agents ...	17,790	22,506
Other Selling Agents ...	9,181	988
Expenses on Erection Contracts (including depreciation on Plant Rs. 12,335) ...	1,18,039	3,27,086
Carriage and Cartage ...	7,52,633	8,67,199
Interest		
On Debentures ...	1,52,847	—
On Fixed Loans ...	16,34,293	9,44,474
Other Interest ...	5,40,209	1,94,548
Miscellaneous Expenses ...	23,97,940	11,39,022
Depreciation on		
Fixed Assets ...	33,66,085	25,98,408
Investments ...	175	2,897
Debenture Issue Expenses ...	5,88,145	26,01,305
Development Rebate Reserve ...	7,33,186	—
Provision for Income-Tax ...	25,00,000	9,75,085
Provision for Surtax ...	—	78,10,000
Balance being Profit carried down ...	26,44,457	11,50,000
TOTAL Rs. ...	17,29,66,793	58,38,223

PROFIT AND LOSS

Loan Redemption Reserve ...	15,00,000	15,00,000
Dividend Equalisation Reserve ...	—	5,00,000
General Reserve ...	2,10,187	14,78,223
Dividend on Preference Shares subject to deduction of tax ...	3,60,000	3,60,000
Proposed Dividend on Ordinary Share @ 80 paise per share subject to deduction of tax ...	12,80,000	20,00,000
TOTAL Rs. ...	33,50,187	58,38,223

Notes on the Accounts are on pages 18 & 19

CALCUTTA, 11th May, 1967

As per our Report attached to the Balance Sheet.

A. F. FERGUSON & Co.,
Chartered Accountants

YEAR ENDED 31ST DECEMBER, 1966

	Rs.	Rs.	31st December, 1965	
			Rs.	Rs.
Contracts Invoiced		4,21,15,426		7,67,26,860
Sundry Sales and Hire		14,02,141		13,30,587
Dividends and Interest on Investments				
Trade Investments	4,56,537		1,72,578	
Other Investments	1,667	4,58,204	1,863	1,74,441
Bank and Other Interest		—		1,658
Profit on Sale of Fixed Assets and Erection Plant		7,000		14,250
Miscellaneous Income (including Rs. 19,757 unclaimed balances written back)		1,97,176		3,48,089
Profit on Redemption of Investments		1,050		
Value of Contracts-in-Progress as at 31st December, 1966		12,87,85,796		9,62,49,196

TOTAL Rs.	17,29,66,793	17,48,45,081
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APPROPRIATION ACCOUNT

Balance being Profit for the year brought down	26,44,457	58,38,223
Transferred from Development Rebate Reserve	2,05,730	
Transferred from Dividend Equalisation Reserve	5,00,000	
TOTAL Rs.	33,50,187	58,38,223

On behalf of the Board of Directors

D. FORDWOOD	Chairman
J. E. SAWTELL	Managing Director
B. L. MATHUR	Secretary

Braithwaite & Co (India) Limited

Notes on the Accounts for the year ended 31st December, 1966

- 1 Out of the issued and subscribed capital :
 - (a) 5,61,972 Ordinary Shares of Rs. 10 (subsequently reduced to Rs. 7) each were allotted as fully paid up as consideration for the purchase from Braithwaite & Co. Engineers Limited, of its business in India.
 - (b) 16,97,937 Shares of Re. 1 each were issued as fully paid up Bonus Shares by Capitalisation of Reserves and consolidated with 5,65,979 Shares of Rs. 7 each.
 - (c) 10,34,021 (previous year 4,34,021) Ordinary Shares of Rs. 10 each were allotted as fully paid up by way of Bonus Shares by Capitalisation of Reserves.
- 2 The Preference Shares are redeemable at par at the Company's option on or after 31st December, 1974 but in any event not later than 31st December, 1977.
- 3 No provision has been made for the estimated future liability (net of Income Tax) for retirement gratuities, etc. amounting to Rs. 12,00,000 as on 31st December, 1965.
- 4 Estimated commitments for capital expenditure for which no provision has been made amounted to Rs. 9,80,000 (previous year Rs. 69,35,000).
- 5 Sums due from Companies under the same management :—

Meameco Limited	for Contracts-in-Progress	...	Rs. 2,87,958
	Debts outstanding for over six		
	months	...	„ 5,993
Belliss & Morcom (India) Ltd.	Other Debts	...	„ 450
- 6 There is a contingent liability for taxation of Rs. 27,69,855 on the basis of demands raised for earlier years not admitted by the Company and for which no provision has been made.
- 7 Other claims against the Company not acknowledged as debts and for which no provision has been made Rs. 73,000 (previous year Rs. 7,70,000).
- 8 Purchases of Raw Materials amounting to Rs. 63,56,082 for the current year (previous year Rs. 77,60,095) in respect of capital expenditure, repairs, etc. and adjustments for stocks on hand have not been included in Purchases and the amount charged to the Profit and Loss Account represents issues from stock for manufacturing.

Braithwaite & Co (India) Limited

- 9 Stores and Spare Parts consumed exclude a sum of Rs. 4,18,203 (previous year Rs. 4,00,098) — charged to Repairs to Plant Rs. 3,64,057 and Repairs to Buildings Rs. 54,146.
- 10 Salaries, Wages, Bonus, etc. exclude a sum of Rs. 7,88,262 (previous year Rs. 8,32,382) — charged to Repairs to Plant Rs. 7,50,196 and Repairs to Buildings Rs. 38,066.
- 11 Auditors' remuneration for the year is made up as under :
- | | | | |
|----------------|-----|------------|-----------------|
| | | | (previous year) |
| Audit Fees | ... | Rs. 32,500 | Rs. 27,500 |
| Other Services | ... | „ 4,250 | „ 2,725 |
- 12 Comparative figures for the previous year have been rearranged where necessary.

Braithwaite & Co (India) Limited

SCHEDULE "A"

Statement of Reserves and Surplus as at 31st December, 1966

		31st December, 1965	
	Rs.	Rs.	Rs.
Reserves and Surplus			
CAPITAL RESERVE			
Revaluation of Fixed Assets ...		30,70,065	30,70,065
LOAN REDEMPTION RESERVE			
As at 1st January, 1966 ...	30,00,000		15,00,000
Transferred from Profit and Loss Appropriation Account	15,00,000	45,00,000	15,00,000
			30,00,000
DEVELOPMENT REBATE RESERVE			
As at 1st January, 1966 ...	33,29,503		23,54,418
Added this year ...	7,33,186		9,75,085
	40,62,689		33,29,503
Less : Transferred to Profit and Loss Appropriation Account ..	2,05,730	38,56,959	---
			33,29,503
GENERAL RESERVE			
As at 1st January, 1966 ...	1,02,25,528		87,47,305
Less : Capitalised this year by issue of Bonus Shares ...	60,00,000		---
	42,25,528		87,47,305
Added this year ...	2,10,187	44,35,715	14,78,223
			1,02,25,528
DIVIDEND EQUALISATION RESERVE			
As at 1st January, 1966 ...	5,00,000		5,00,000
Less : Transferred to Profit and Loss Appropriation Account ...	5,00,000	---	---
			5,00,000
Rs. ...		1,58,62,739	2,01,25,096

On behalf of the Board of Directors

D. FORDWOOD *Chairman*
J. E. SAWTELL *Managing Director*
B. L. MATHUR *Secretary*

Braithwaite & Co (India) Limited

SCHEDULE " B "

Loans as at 31st December, 1966

			31st December, 1965	
	Rs.	Rs.	Rs.	Rs.
Secured Loans				
7½% Debenture Stock 1976/80 repayable at par by drawing lots for specified amounts from 31st December, 1976 to 31st December, 1980	...	1,00,00,000	—	
Commonwealth Development Finance Company Limited, London (Sterling Loan—£286,000)	...	60,36,316	29,38,435	
Industrial Credit and Investment Corporation of India Limited (Loan Equivalent of U.S. \$681,513.23)	...	51,59,660	2,11,90,976	23,62,911
The above loans are secured by a first charge on all the Company's property subject to a prior charge for Bank borrowings, as below.				
Loans and Advances from Bank				
Medium Term Loans	...	75,00,000	75,00,000	
Overdrafts	...	63,34,620	1,38,34,620	24,97,591
The above loans and advances from Bank are secured by hypothecation of the Company's stocks of engineering goods, raw materials, stores, etc., Contracts-in-progress at Angus Works other than Clive Works sub-contracts, book debts, moneys receivable, claims, bills, securities, investments, rights and assets.				
Total Secured Loans			3,50,30,596	1,52,98,937
Unsecured Loans				
Short Term Loan guaranteed by Jardine Henderson, Limited			—	25,00,000
	Rs. ...		3,50,30,596	1,77,98,937

On behalf of the Board of Directors

D. FORDWOOD *Chairman*
 J. E. SAWTELL *Managing Director*
 B. L. MATHUR *Secretary*

Braithwaite & Co (India) Limited

SCHEDULE " C "

Schedule of Fixed Assets as at 31st December, 1966

	As per Valuation on 31st December, 1955 and thereafter at cost	Additions during the year	Sales and Trans- fers	Total to 31st December, 1966	Deprecia- tion Written off since 31st December, 1955	Balance as at 31st December, 1966	Capital Work-in- Progress	Total as at 31st December, 1966	Total as at 31st December, 1965
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
LAND - Freehold	32,351	--		32,351		32,351	--	32,351	32,351
Leasehold	12,86,838	--		12,86,838		11,58,154	--	11,58,154	12,01,049
BUILDINGS	99,56,253	15,27,602		1,14,83,855		99,92,491	6,77,112	1,06,69,603	98,29,404
PLANT and MACHINERY	2,36,19,169	75,74,632*		3,11,61,174		2,18,03,108	24,12,873*	2,42,15,981	1,75,94,225
FURNITURE and FITTINGS	19,18,571	1,45,474		20,63,542		13,30,809	--	13,30,809	13,61,621
MOTOR VEHICLES	8,30,248	69,318		8,93,066		1,46,468	--	1,46,468	2,33,657
TOTAL Rs.	3,76,43,430	93,17,026		4,69,20,826		3,44,63,381	30,89,985	3,75,53,366	3,02,52,307
PREVIOUS YEAR Rs.	2,98,28,839	78,43,894		3,76,43,430		2,85,42,122	17,10,185	3,02,52,307	

* NOTE : The items marked with an asterisk include a total sum of Rs. 39,56,824 being the additional liability for assets acquired against foreign currency loans remaining outstanding as at the date of devaluation of the Indian Rupee during the year.

On behalf of the Board of Directors

D. FORDWOOD *Chairman*
J. E. SAWTELL *Managing Director*
B. L. MATHUR *Secretary*

Braithwaite & Co (India) Limited

SCHEDULE " D "

Investments as at 31st December, 1966

		31st December, 1965			
		Rs.	Rs.	Rs.	Rs.
Investments (at cost or under)					
IN GOVERNMENT SECURITIES		...	32,188		54,081
IN TRADE INVESTMENTS					
(a) Equity Shares fully paid					
W. H. Targett & Co. Ltd.	200 Shares of Rs. 10 each	2,000		2,000	
Braithwaite Burn & Jessop Construction Co. Ltd.	28,400 Shares of Rs. 100 each	2,84,170		2,84,170	
(Bonus Shares issued during the year, 5,680 Shares of Rs. 100 each)					
Industrial Credit and Investment Corporation of India Ltd.	150 Shares of Rs. 100 each	14,025		14,200	
Alipore Estates Ltd.	10,035 Shares of Rs. 10 each	1,400	3,01,595	1,400	3,01,770
(b) Debentures fully paid					
Alipore Estates Ltd.	Rs. 6,63,630 $\frac{1}{2}$ % Debenture Stock	5,80,400		5,80,400	
Royal Calcutta Golf Club	2,4% Debentures of Rs. 500 each	1,000		1,000	
East India Clinic Ltd.	55,1% Debentures of Rs. 100 each (Nominal Value)	1		1	
East India Clinic Ltd.	Rs. 27,000 5% Non-redeemable Debenture Stock	23,000		23,000	
Bengal Chamber of Commerce and Industry	6,6 $\frac{1}{2}$ % Debentures, 1962 of Rs. 1,000 each	6,000	6,10,401	6,000	6,10,401
			9,44,184		9,66,252
	Quoted ...	35,712	(Market Value Rs. 36,462)	57,780	(Market Value Rs. 58,250)
	Unquoted ...	9,08,472		9,08,472	
	Rs.	9,44,184	Rs.	9,66,252	

On behalf of the Board of Directors

D. FORDWOOD *Chairman*
J. E. SAWTELL *Managing Director*
B. L. MATHUR *Secretary*

**REPORT OF THE AUDITORS TO THE
SHAREHOLDERS**

We have audited the attached Balance Sheet of Braithwaite & Co (India) Limited, as at 31st December, 1966 and the annexed Profit and Loss Account of the Company for the year ended on that date.

- 1 We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit ;
- 2 in our opinion proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books ;
- 3 the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account ;
- 4 in our opinion and to the best of our information and according to the explanations given to us, the Accounts, read with and subject to the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view —
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st December, 1966 ;
 - and
 - (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date.

CALCUTTA
11th May, 1967

A. F. FERGUSON & Co.,
Chartered Accountants

